

# House Study Bill 227

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
HUMAN RESOURCES BILL  
BY CHAIRPERSON SMITH)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to individual development accounts available to  
2 certain persons with low income and providing effective and  
3 applicability date provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 2441HC 83  
6 jp/mg/14

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1 1 Section 1. Section 541A.2, subsection 1, Code 2009, is  
1 2 amended to read as follows:  
1 3 1. ~~a. To be eligible to open an account, a prospective~~  
1 4 ~~account holder must have a household income that is equal to~~  
1 5 ~~or less than two hundred percent of the federal poverty level.~~  
1 6 ~~b. The account is shall be kept in the name of an~~  
1 7 ~~individual account holder.~~  
1 8 Sec. 2. Section 541A.2, subsections 4 and 5, Code 2009,  
1 9 are amended to read as follows:  
1 10 4. During a calendar year, ~~with the approval of the~~  
1 11 ~~operating organization,~~ an account holder may ~~withdraw make~~  
1 12 ~~withdrawals~~ from the account holder's account ~~the sum of the~~  
1 13 ~~for any of the following authorized purposes:~~  
1 14 a. ~~With the approval of the operating organization,~~  
1 15 ~~amounts withdrawn for any of the following approved purposes:~~  
1 16 ~~(1) Educational costs at an accredited institution of~~  
1 17 ~~higher education.~~  
1 18 ~~(2) b. Training costs for an accredited or licensed~~  
1 19 ~~training program.~~  
1 20 ~~(3) c. Purchase of a primary residence.~~  
1 21 ~~(4) d. Capitalization of a small business start-up.~~  
1 22 ~~(5) e. An improvement to a primary residence which~~  
1 23 ~~increases the tax basis of the property.~~  
1 24 ~~(6) f. Emergency medical costs for the account holder or~~  
1 25 ~~for a member of the account holder's family. However, a~~  
1 26 ~~withdrawal for this purpose is limited to once during the life~~  
1 27 ~~of the account and the amount of the withdrawal shall not~~  
1 28 ~~exceed ten percent of the account balance at the time of the~~  
1 29 ~~withdrawal.~~  
1 30 ~~(7) g. A purpose approved authorized in accordance with~~  
1 31 ~~rule for a refugee individual development account.~~  
1 32 ~~(8) h. Purchase of an automobile.~~  
1 33 ~~(9) i. Purchase of assistive technology, home or vehicle~~  
1 34 ~~modification, or other device or physical improvement to~~  
1 35 ~~assist an account holder or family member with a disability.~~  
2 1 ~~(10) j. Other purpose approved authorized in accordance~~  
2 2 ~~with rule that is intended to move the account holder or a~~  
2 3 ~~family member toward a higher degree of self-sufficiency.~~  
2 4 ~~b. At the account holder's discretion, if the account~~  
2 5 ~~holder is at least fifty-nine and one-half years of age, any~~  
2 6 ~~amount.~~  
2 7 ~~5. An account holder shall not withdraw moneys from the~~  
2 8 ~~holder's account unless the withdrawal is authorized under~~  
2 9 ~~subsection 4.~~  
2 10 Sec. 3. Section 541A.3, subsection 1, paragraph a, Code  
2 11 2009, is amended to read as follows:  
2 12 a. Payment by the state of a state savings match on  
2 13 amounts of up to two thousand dollars that an account holder  
2 14 deposits in the account holder's account. ~~To be eligible to~~  
2 15 ~~receive a state match an account holder must have a household~~  
2 16 ~~income that is equal to or less than two hundred percent of~~  
2 17 ~~the federal poverty level.~~

2 18 Sec. 4. Section 541A.5, subsection 2, paragraph c, Code  
2 19 2009, is amended to read as follows:  
2 20 c. Subject to the availability of funding, the commission  
2 21 may adopt rules implementing an individual development account  
2 22 program for refugees. Rules shall identify purposes ~~approved~~  
2 23 authorized for withdrawals to meet the special needs of  
2 24 refugee families.

2 25 Sec. 5. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY.  
2 26 This Act, being deemed of immediate importance, takes effect  
2 27 upon enactment, is retroactively applicable to January 1,  
2 28 2009.

2 29 EXPLANATION

2 30 This bill relates to individual development accounts  
2 31 available to certain persons with low income under Code  
2 32 chapter 541A. Deposits to an account may receive a match  
2 33 payment of up to \$2,000.

2 34 Under current law in Code section 541A.3, eligibility for  
2 35 the match payment is limited to account holders with a  
3 1 household income of less than 200 percent of the federal  
3 2 poverty level. The bill shifts this income restriction to  
3 3 instead be applicable to eligibility to open an account.

3 4 Code section 541A.2, subsections 4 and 5, are amended to  
3 5 make a terminology change relating to the purposes authorized  
3 6 for making withdrawals from accounts, to consolidate the  
3 7 requirements for making withdrawals, and for renumbering.  
3 8 Code section 541.5, relating to the rules for the program, is  
3 9 amended to include a conforming change to the purposes  
3 10 authorized for withdrawals from a refugee account.

3 11 An authorization in Code section 514.2, subsection 4,  
3 12 allowing an account holder who is at least 59 and one-half  
3 13 years old to withdraw any amount from their account is  
3 14 eliminated.

3 15 The bill takes effect upon enactment and is retroactively  
3 16 applicable to January 1, 2009.

3 17 LSB 2441HC 83

3 18 jp/mg/14